



STATE OF MICHIGAN

RICK SNYDER
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

KEVIN ELSSENHEIMER
EXECUTIVE DIRECTOR

July 1, 2015

TO: Owners & Management Agents of LIHTC, 1602, and TCAP Properties

FROM: Sherri Davio, Compliance Manager

SUBJECT: Submission of Utility Allowance Approval Letters and Updated Schedules
Within 30 days of receipt, beginning August 2015

A proper Utility Allowance is essential in maintaining compliance with the rent restrictions imposed by the LIHTC, 1602, and TCAP programs and must be updated at least annually. Since using the incorrect utility allowance can result in overcharging rents and is an event of noncompliance that could be reported to the IRS or other penalties, care should be taken in making a correct calculation and in using current utility allowance figures.

In an effort to reduce noncompliance issues, MSHDA Compliance is instituting a new procedure for Utility Allowance (UA) reviews. Effective **August 1, 2015**, MSHDA is requesting that a copy of each new utility allowance update and approval letter for all LIHTC, 1602, and TCAP projects be submitted to MSHDA **within 30 days** of the owner or management agent's notification of a utility allowance change, utility allowance approval date, or the utility allowance effective date, whichever is soonest. This applies to all utility allowances determined by the following sources or methods:

- HUD
- Rural Development
- Housing Choice Voucher Program
- PHA Utility Allowance Schedules.

Utility allowance approval letters and updates made by MSHDA Compliance (for Agency Estimate/Actual Consumption method) or the MSHDA Asset Management Division do not have to be resubmitted to MSHDA. For all utility allowances effective January 1, 2015 – July 30, 2015 (not already approved by MSHDA), please send a copy of the new UA by August 30, 2015.

All utility allowance documentation should be sent to: MSHDacompli@michigan.gov.

If you have any questions or need any assistance regarding utility allowances, please contact Debbie Monroy at monroyd@michigan.gov.